

VZCZCXRO9189  
PP RUEHDE  
DE RUEHMK #0404/01 0741025  
ZNY CCCCC ZZH  
P 151025Z MAR 06  
FM AMEMBASSY MANAMA  
TO RUEHC/SECSTATE WASHDC PRIORITY 4185  
INFO RUEHZM/GULF COOPERATION COUNCIL COLLECTIVE PRIORITY  
RUEHC/DEPT OF LABOR WASHDC PRIORITY

C O N F I D E N T I A L SECTION 01 OF 03 MANAMA 000404

SIPDIS

SIPDIS

NEA/ARPI, DRL FOR JDEMARIA  
STATE PASS TO USTR FOR AUSTR LKARESH, DBELL, JBUNTIN AND  
AROSENBERG  
DEPARTMENT OF LABOR FOR PACCOLA AND SHALEY

E.O. 12958: DECL: 10/23/2015  
TAGS: [ELAB](#) [PREL](#) [PGOV](#) [ECON](#) [BA](#)  
SUBJECT: MINISTER ADDRESSES LABOR REFORM

REF: A. MANAMA 20

[1](#)B. 05 MANAMA 1325

Classified By: Ambassador William T. Monroe, reasons 1.4 (b) and (d)

-----  
SUMMARY  
-----

[1](#)1. (C) The Ambassador and Labor Minister Dr. Majeed Al-Alawi March 11 discussed the status of pending labor reform legislation, including reforms that were the subject of close U.S. congressional attention in the late 2005 run-up to FTA ratification. The FTA-related legislation has been submitted to parliament. Dr. Al-Alawi also provided details on the progress of the National Employment and Training Project (NETP), a comprehensive, state-sponsored bid to tackle unemployment (Ref. A).

-----  
LABOR LAW REVISIONS ON TRACK  
-----

[1](#)2. (C) Dr. Al-Alawi confirmed that specific provisions designed to bring Bahraini labor law in line with ILO standards had been submitted to parliament. These provisions include: multiple unions per employer, multiple trade union federations, mandatory reinstatement of workers dismissed for union activity, amended strike provisions, compensation to employees due to delayed payment of wages, compensation to employees due to discrimination on account of union activity, and a clarification of worker visa violations that justify imprisonment (grand theft, murder, etc.) as opposed to deportation.

[1](#)3. (C) On the provision allowing for multiple unions per employer, Dr. Al-Alawi stated that "People should have the choice to join this union, that union or no union." He acknowledged that, ironically, local unionist leadership was currently opposed to multiple unions and federations, viewing these reforms as diluting their power. However, Dr. Al-Alawi saw scant hope of union leaders being able to block these reforms. "I tell them if they have anything to say on the legislation they should go to the parliament, but they don't recognize the legitimacy of the parliament because they belong to Al-Wifaq. (Note: Local trade unions are dominated by Shia. Leading Shia opposition society Al-Wifaq is the largest of the four political societies that boycotted the 2002 elections. Al-Wifaq appears poised to participate in 2006, although it has not yet made a formal announcement. End note.)

-----  
THE APPEAL OF ISLAMISM  
-----

14. (C) On the broader issue of democracy in the region, Dr. Al-Alawi stated that we should not be surprised or concerned if the Islamists initially did well. "There are strong Islamist feelings in the region," Dr. Al-Alawi observed, "and they have to be expressed." He pointed to the conservative trend in Middle Eastern countries as evidenced by recent elections in Egypt, Iraq, and the Palestinian territories. "The stronger the environment of dictatorship, the more Islamist the people will be. If there were free and fair elections throughout the Muslim world tomorrow, the Islamists would win - except in Iran, because they've already tried it and know what it means." (Comment: Dr. Al-Alawi has benefited directly from political reform in Bahrain. A Shia activist, he spent years in exile in London, returning only after the King introduced political reform in 2001. He is now a Minister. End comment.)

-----  
NATIONAL EMPLOYMENT AND TRAINING PROJECT  
-----

15. (C) Dr. Al-Alawi expressed satisfaction in his belief that the NETP had succeeded in eliminating unemployment as a divisive social issue. Referring to periodic local demonstrations, he observed, "The word 'unemployment' no longer appears on any protesters' signs. Demonstrators are no longer talking about unemployment." Under the terms of the NETP, any Bahraini wishing to be recognized as unemployed was required to register within a widely-publicized two-month window (Ref. A). Dr. Al-Alawi said the program had identified 12,172 unemployed, which he accepted as an

MANAMA 00000404 002 OF 003

accurate accounting of unemployed Bahrainis. Of the total, 74 percent of the registrants are women. Some 89% of the male registrants are high-school drop-outs. (Note: The GOB does not yet have an unemployment insurance program and has not previously kept official unemployment statistics. However, the generally accepted estimate had been 20,000. End note).

16. (C) Asked by the Ambassador what he believed these numbers meant, Dr. Al-Alawi replied this was proof of the accuracy of his previous claims of the success of the Labor Ministry-sponsored Bahrain Training Institute (BTI) in reducing the rolls of the unemployed. Training plays a prominent role in the NETP and each registrant is required to undergo five hours of job aptitude testing. Some 110 Labor Ministry psychologists administer aptitude tests to roughly one thousand applicants per week. BTI then enrolls these applicants in one of its corresponding training programs. Dr. Al-Alawi said he continues to fine-tune BTI's offerings and appeals to private-sector leaders with the mantra, "Help me develop a training program that works for you."

17. (C) Dr. Al-Alawi noted that Bahrain's economy created 67,000 jobs in 2004, 10% of which went to Bahrainis. He presented this as a proof that there are plenty of jobs available to unemployed Bahrainis, provided they receive adequate training and are matched to jobs appropriate to their aptitudes. "There is a job for everyone; anyone who is unemployed, I have a suitable job." (Comment: Dr. Al-Alawi has been tireless in trying to promote the NETP, personally visiting villages to explain the program and encourage participation. End comment.)

-----  
EMPLOYMENT STATISTICS VIEWED AND REVIEWED  
-----

18. (U) Local paper Gulf Daily News cites Economic Indicators, the Bahrain Monetary Agency's (BMA) quarterly publication, as

reporting that total employment in Bahrain rose by 5.3 percent in the third quarter of 2005. Total private sector-employed Bahrainis stood at 67,435 compared to non-Bahrainis at 214,656. Total public-sector employed Bahrainis were 33,433 compared to 3,630 non-Bahrainis. The total number of employed was 319,154.

¶9. (C) Beyond the published story, however, Post analysis of the report reveals that year-on-year (YOY) Bahraini job growth was just 3.7 percent, compared to a YOY increase of 23.1 percent for non-Bahrainis. Nearly a third of the Bahraini job increase occurred in the public sector, compared to less than one percent for non-Bahrainis. (Comment: In discussing local unemployment, GOB officials and private-sector sources frequently point to Bahrainis' general preference for government jobs, which are perceived as higher paying, less demanding and more secure. Also cited is the private sector preference for hiring expat workers, who are seen to be less expensive, less demanding and more loyal. The BMA statistics highlight both of these trends and suggest that, despite declining unemployment, real challenges remain. End Comment.)

-----  
LABOR REFORM  
-----

¶10. (C) On the status of the lengthy labor reform bill introduced into the parliament September 2005 (Ref. B), Dr. Al-Alawi said the lower house has completed work on most articles, with articles 4, 7, 42 and 43 to be resolved. However, these articles represent the most controversial aspects of the bill and include a proposed levy on non-Bahraini workers and increased protections for household workers. Dr. Al-Alawi states there are 80,000 housemaids employed in Bahrain, and that he is working to have legislation regarding domestic workers harmonized throughout the GCC. He noted that Bahrain's labor law was drafted in 1976 and had been drawn from Egypt's 1950s-era labor legislation.

-----  
UNEMPLOYMENT INSURANCE  
-----

¶11. (C) Dr. Al-Alawi stated that the GOB had commissioned a study from Canadian, British and Swiss consultants for a Bahraini unemployment benefit system plan. The consultants

MANAMA 00000404 003 OF 003

issued their report on February 13 and it has been forwarded to the cabinet for review. The plan would pay unemployed Bahrainis 60 percent of their former salary for six months and would culminate with three suitable job offers, one of which the recipient would be required to accept.

MONROE